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# FOREIGN POLICY BULLETIN

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## STALIN'S PEACE ASSURANCES REFLECT INTERNAL PROBLEMS

STALIN'S answers of September 24 to a series of questions posed by Alexander Werth, Moscow correspondent of the *Sunday Times* of London, represented an attempt to assure the Russian people that they are not, as would sometimes appear from perusal of the Soviet press, in imminent danger of foreign encirclement and another war. It is necessary, said Stalin, to distinguish sharply between "the noise" about a new war and "the real danger of war" which, he added, "does not at present exist." Even more significantly, Stalin minimized the threat of atomic bombs which, he asserted (contrary to the views generally held by Western scientists) "are attended for intimidating weak nerves" but "cannot decide the outcome of war." This emphasis on the indecisive character of a weapon which in Western countries has been pictured as catastrophically destructive is clearly intended to dispel such fears which may have been generated among Russians by reports that have filtered in about the havoc wrought at Hiroshima.

**RUSSIA'S WAR-WEARINESS.** Stalin's effort to alleviate fear of war among the Russians at a time when spokesmen for the U.S.S.R., Yugoslavia and the Ukraine are voicing suspicions about the Western powers, indicates accurate appraisal of the mood of let-down and fatigue which the Russians, like other war-tired peoples, have experienced since the termination of hostilities. If there is one point on which all observers returning from Russia agree, it is that the Russian people are profoundly weary of war, are anxious to obtain some of the bare necessities of life they have had to do without during the grim years of successive Five-Year plans and war, and fervently hope that the clouds of another war will soon disappear from the horizon. Yet these weary people must be kept keyed up for unremitting

labor in the coming years of reconstruction, with few immediate rewards in terms of material satisfaction. Stalin's previous statement about "capitalist encirclement" on February 9, 1946, on the eve of elections, may have been an expression of the views he then held about world affairs. More probably it was intended as a goad to give fresh stimulus to people who must go on with the disheartening tasks of clearing rubble, rebuilding towns and villages, and reconstructing shattered industries and farms while suffering from food shortages that have caused American experts to wonder how Russia will carry on when the aid it has been receiving from UNRRA ceases the first of the year. It would be a mistake to exaggerate reports of food riots and of unrest in various parts of the U.S.S.R., particularly in the Ukraine, long noted for its nationalist spirit. But apparently Stalin, who in the past has displayed consummate skill in appraising the temper of the people in moments of crisis, feels the need for a "breathing-space." He has therefore told the Russians that he does not think "the ruling circles of Great Britain and the United States could create a 'capitalistic encirclement' of the Soviet Union even if they wanted to do this, which, however, we cannot affirm."

**NO IMMEDIATE CHANGE IN POLICY.** This does not mean, however, that Russia is about to recede from the positions to which it had advanced in Europe and Asia during the year of readjustment when all the victors were seeking to define their foreign policy objectives. Recrimination continues between Russian and American zones of occupation in Austria and Korea. Stalin has demanded the withdrawal of American forces from China. On the issues of free navigation of the Danube, the United States is reported to have yielded to the adamant Russian view that the strategic river

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should be controlled solely by Danubian countries—although in the matter of trade a clause providing for most-favored-nation treatment was inserted into the Rumanian treaty at Paris over Moscow's objections. Nor has Moscow relaxed its demands on Turkey, warning the Turks in a note bearing the same date as Stalin's statement that they must not turn to non-Black Sea powers for support against the U.S.S.R. The Russian representative on the scientific committee of the United Nations Atomic Energy Commission did sign the report of the committee, but his colleague in the Economic and Social Council expressed strong views in opposition to Britain and the United States on a wide range of problems, including refugees and proposals for reconstruction of European economy. The United States, for its part, has announced that units of the American navy will remain in Mediterranean waters.

Stalin's statement will play an important part in the debate on foreign policy now proceeding in this country—those who favor a policy of conciliation pointing to it as evidence of peaceful intentions on Russia's part, those who favor "toughness" insisting that the Kremlin match words with deeds. A study of what the Russians themselves are writing about the trend in world affairs since V-E Day indicates several points worth bearing in mind when we judge Russia's policy. The Russians are genuinely convinced that they made a major contribution to the winning of the war in Europe, not only in terms of man-power and economic losses, as is

readily admitted in other countries, but also in terms of ideas which, they contend, helped to loosen the grip of pro-Fascist elements on the Axis satellites as well as on some of the liberated Allied countries. They consequently feel entitled to demand a share of world power commensurate with what they regard as their wartime contribution. Meanwhile, they believe that the United States and Britain have not always been on the side of anti-Fascist forces in Europe, and that the attitude of the Western powers on such questions as France, Spain, the pace of agrarian reform, the nationalization of industries, and so on, has retarded the progress of what they call "democratic" forces on the continent.

Genuine, too, appears to be the belief expressed by Russian spokesmen that, had President Roosevelt lived, the United States would have followed a different course toward Europe, and particularly toward Russia. Since supporters of Mr. Wallace have also taken this view, it is highly important that the Washington administration should furnish the public such evidence as may be available concerning the views Mr. Roosevelt may have held about Russia before and after Yalta. Information on this point would help us to decide whether Mr. Byrnes, who took over the administration of a policy that had been in the making for a number of years, has disregarded the wishes of the late President or has adapted them to a situation that may have begun to alter before his death.

VERA MICHELES DEAN

## RUSSIA QUESTIONS UN PROPOSALS FOR EUROPEAN RECOVERY

Twice during the past week the Russian delegate to the UN Economic and Social Council, Nikolai I. Feonov, rejected proposals calling for international action in the solution of Europe's economic problems. On September 25 he flatly rejected the recommendations of the Council's Temporary Subcommittee on the Economic Reconstruction of Devastated Areas, which outlined a program of mutual assistance for the continent, including the creation of a permanent European Economic Commission. Again, on September 27, in reply to a United States proposal that the question of the free navigation of the Danube be acted on by an international conference, he objected to joint action. In both instances the position taken by Russia follows the views expressed by Molotov and Vishinsky when world economic problems were under consideration at the Paris Conference.\*

**RUSSIA'S OBJECTIONS.** That Russia favors a policy of economic nationalism modified only by exclusive, bilateral agreements was indicated in Mr. Feonov's criticisms of the program outlined by the Council's experts. Their suggestion that an economic

commission for Europe be set up to coordinate and integrate the various national programs of reconstruction was misinterpreted by the Soviet delegate as being a plan to transform Europe into a self-contained unit. The economists, however, had no such object in view, and their factual findings revealed that any attempt to create a closed economy in Europe would be futile. What they did emphasize was the necessity of a return to multilateral trade at the earliest possible moment. The Soviet delegate objected to the report's criticism of bilateral pact contending that these treaties contributed in an immediate and practical way to the work of reconstructing the continent's economy. The usefulness of such bilateral agreements as an emergency device was conceded by the authors of the report, who asserted nevertheless that economic logic and the lessons of experience proved that multilateral trade was indispensable to the prosperity of Europe. These views were not shared by Mr. Feonov. Concerning the question of external credits for European reconstruction, he argued that the report's recommendations, if carried out, would interfere with the economic independence of some nations. Since the coun-

\*Foreign Policy Bulletin, August 23, 1946.

tries seeking aid would have to turn to the International Bank either directly or through the proposed European economic commission, decisions as to their needs, he contended, would be made by an outside agency and not by the country itself. In taking this position, he undoubtedly had in mind that the United States, as the principal supplier of credits, might use its lending power to offset Soviet influence in the borrowing nation.

**RUSSIA'S URGENT NEEDS.** Other recommendations of the report were also rejected by Mr. Feonov, who insisted that the experts had failed completely to offer practical remedies for Europe's urgent economic needs. Given the destruction wrought by the Germans in Russia, which has no parallel elsewhere unless it be in Poland, and the fact that millions of Russians need immediate help if they are to have a bare minimum of food, clothing and shelter, it is understandable that the commission's recommendations appear to Feonov as too theoretical. Foreign correspondents who recently visited the Ukraine and White Russia have confirmed the reports of UNRRA observers that when the relief program is terminated the first of the year, millions of Russians will suffer dire hardship and malnutrition. Although the USSR is potentially a rich country, for the time being at any rate it is, as Stalin remarked to Donald Nelson, "a very poor nation."

For that reason Russia is in no position to offer much economic assistance to the war-ravaged economy of Europe; instead, it must seek from Europe the maximum possible supply of food, materials and equipment if its economic reconstruction is not to be unduly prolonged. The most efficient technique for its purposes, it has discovered, is the conclusion of bilateral trade pacts which are essentially barter deals. But since Russia's trading partners also need large imports of goods that it cannot at present supply, they must turn to the West; otherwise their reconstruction programs may bog down. Under the circumstances Russia fears that its influence might be undermined in neighboring European nations, which must perforce maintain and develop their economic ties with the West. Thus, for example, Poland joined with Britain and the United States in proposing a permanent European economic commission, admitting that its reconstruction needs will require return to the principle of multilateral trade and credit assistance from the West.

**EUROPE AND THE GERMAN ECONOMY.** With Russia severely weakened by the war, Moscow's objections to any suggestion that economic

recovery in Europe requires a revival of German economy must be regarded as commonsense concern for the future security of the USSR. Nor for that matter is Russia willing to approve any attempt to create a federation of European states, such as was suggested by Mr. Churchill in his speech in Zurich on September 19, when he called for a Franco-German partnership as the first step. The Council's experts did not discuss the place of Germany in the economy of the new Europe, although they were instructed to consider this problem.

Their failure to do so was explained by the fact that no reply had been received to their request that the Allied Control Council furnish data on the future foreign trade of Germany. The German problem, however, was brought before the Council by the British delegate, Philip J. Noel-Baker, who stated that more would have to be "done and said" about Germany. To this the Ukrainian delegate, Dr. Lev Medved, replied that the German question had already been decided at Potsdam, and that he would fight any attempt to relate the subject to the Council's deliberations on Europe's economy. Yet sections of the experts' report dealing with particular countries contain frequent references to the need for a solution to the German question, if economic recovery in Europe is not to be delayed. The persisting stalemate among the Big Four on Germany, with the resulting threat of a divided Europe, jeopardizes the possible effectiveness of any program to facilitate reconstruction in the devastated areas.

HAROLD H. HUTCHESON

*American-Russian Rivalry in the Far East: A Study in Diplomacy and Power Politics, 1895-1914*, by Edward H. Zabriskie. Philadelphia, University of Pennsylvania Press, 1946. \$3.50

A well-documented study of a little known period in the relations of the United States and Russia.

*Unwritten Treaty*, by James P. Warburg. New York, Harcourt, Brace, 1946. \$2.00

A plea for the free flow of information across national boundaries and the elimination of psychological warfare. Dealing with one of the basic freedoms, Mr. Warburg has presented a frankly argumentative book, with some analysis of the OWI program during the war and of the successes and failures of Allied propaganda.

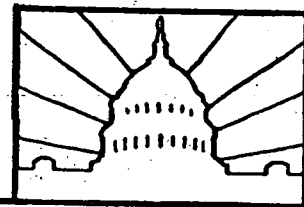
*Hitler's Professors*, by Max Weinrich. New York, Yiddish Scientific Institute, 1946. \$3.50; paper, \$3.00

A noted scholar, the research director of YIVO, traces through Nazi books, periodicals, pamphlets and documents the part German scholars played in developing the race theory and in planning the destruction of Jews in Germany and the mass extinction of the Poles.

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# Washington News Letter



## WILL HARRIMAN CARRY ON WALLACE PLANS FOR TRADE WITH RUSSIA?

By appointing W. Averell Harriman, former American Ambassador to Britain and war-time envoy to Russia, as Secretary of Commerce on September 21, President Truman has attempted to do more than merely end the cabinet crisis precipitated by the recent Byrnes-Wallace controversy on foreign policy. By naming a man who is expected to enjoy popularity with members of Congress, the President has also tried to promote smoother relations between the legislative branch of the government and the Commerce Department, whose budget was slashed on July 1 partly because of the personal antagonism of a number of Congressmen toward Mr. Wallace. Above all, Mr. Truman has sought to eliminate the friction that existed, during Mr. Wallace's term of office, between the State and Commerce Departments on American foreign economic policy.

**DISAGREEMENT ON RUSSIAN LOAN.** Under Mr. Wallace's leadership the Commerce Department took the position that the United States should grant Russia a loan on a strictly commercial basis and should not use its economic power for the purpose of inducing Russia to modify its restrictive trade arrangements in eastern Europe. In his letter to President Truman on July 23 setting forth his views on foreign policy, Mr. Wallace declared that "the question of a loan (to Russia) should be approached on economic and commercial grounds," since in this way the United States would be able to demonstrate that it "is not attempting to use its economic resources in the game of power politics."

On the other hand, the State Department, which drafted the three notes Washington has sent to Moscow concerning a possible six billion dollar loan, has maintained that such a loan should be granted only after a satisfactory agreement has been reached with Russia regarding Soviet trading practices which run counter to American foreign economic policy. Although the exact terms laid down by the United States in its last note, dated June 13, have not been revealed, they apparently include modification of Russia's bilateral trade agreements with various European countries, and acceptance by Moscow of a plan for the international control of the Danube. Despite recent unofficial indications that the Kremlin would welcome a loan, no reply has yet been received from Moscow, presumably because the Soviet Union is unwilling to grant the United

States larger trading opportunities in eastern Europe—at least at this moment, when the Russians are deeply conscious of their inability to compete with American exports.

**OUTLOOK FOR SOVIET-AMERICAN TRADE.** Whether expansion of Soviet-American trade will be urged as insistently by Mr. Harriman as it was by Mr. Wallace also remains an open question. The former Secretary of Commerce, who believed that discussion of long-range economic problems might help to clear away political misunderstandings and develop mutually useful trade, had arranged—with the cooperation of the State Department—to send two members of his staff to Moscow during July and August to conduct preliminary economic conversations. These two representatives, E. C. Ropes and Lewis Lorwin, recently returned to Washington, and on September 19 announced that the Russian officials in the Ministry of Foreign Trade and the Soviet Chamber of Foreign Commerce had displayed keen interest in projects for closer economic relations with the United States. The Russians pointed out, however, that Soviet industry was still in the process of reconversion and reconstruction, and as a result their export surplus during the next two or three years would be too limited to permit them to make any plans for trade expansion. Nevertheless, the Commerce Department's mission appears to have helped clear the ground for more active Soviet-American economic cooperation. Further steps in this direction will depend not only on the pace of Russia's economic recovery, but also on whether the United States government is willing to compromise with Russia's restrictive trade policy in eastern Europe and the Balkans.

WINIFRED N. HADSEL

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